

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State of Michigan

**POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(OTHER THAN INPATIENT HOSPITAL AND LONG TERM CARE FACILITIES)**

13.d. **Special Rehabilitation Services**

Reimbursement is on a fee-for-service basis. Payment will be the lesser of charge or fee screen using a uniform fee schedule. A maximum fee schedule is developed. The maximum fee schedule is reviewed and specific rates may be adjusted downward so that the rate included in the uniform fee schedule is comparable to other provider fee schedule rates for similar services. Adjustments will not result in reimbursement rates below the amount necessary for an economic and efficient provider to operate.

The maximum fee schedule rates are based on 1991 state wide expenditure data maintained by the Michigan Department of Education. The maximum fee schedule accounts for the resources necessary to deliver services including overhead. Consistent use of the state wide expenditure data will avoid duplication of direct and indirect cost categorization. These direct and indirect costs will not be included in the State Wide Cost Allocation Plan.

The value of educational resources will be excluded from rate determination.

The maximum fee schedule determination is consistent with Medicare reimbursement principles detailed in 42 CFR, Part 413 and the Office of Budget and Management Circular A-87. The methodology used is within the upper limits of payment set in 42 CFR 447.321 and 447.325 for outpatient hospital services and clinic services, and other inpatient and outpatient facilities.

The maximum fee screen (FS) for each covered service is calculated using the formula:

$$FS = \frac{(DR) + (IR)}{(AH)} \times SH$$

DR = Annual direct health resources including staff and supplies

IR = Annual indirect resources as determined by application of an indirect cost rate analysis schedule to direct resources

AH = Annual service hours of care possible related to direct and indirect resources

SH = Hours of care per individual covered service

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